

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
2011 Legislative Year**

Status as of October 10, 2011

D - Vetoed Bills

Bill Number Version	Author	Board Position	Status
AB 1379	Bradford	Neutral	10/06/2011-Vetoed by the Governor

Reports on California and Emerging Domestic Market Investments

Requires State or local pension systems with assets over \$4,000,000,000 to report to the State Controller on California investments and California emerging market investments, as defined, that it obtains on and after July 1, 2012, and holds in its portfolio. The bill would require, for the 2011-12 and 2012-13 fiscal years, CalPERS and CalSTRS to share information regarding streamlined and cost-effective methods for identifying investments within their portfolios that meet the definitions of California investment and California emerging market investment. The bill authorizes the Controller to compile and publish specified investment information supplied by state and local pension systems on the Controller's Internet Web site, as provided. This bill will sunset on January 1, 2017.

Governor's Veto Message:

AB 1379 would require any state or local pension system with assets over \$4 billion to report annually specified information relating to California investments. Some public pension systems already track and voluntarily report the information required by this bill and for them this bill is unnecessary. For others, these new reporting requirements will cause an increase in administrative costs at a time when they can ill-afford it. I am returning Assembly Bill 1379 without my signature. Sincerely, Edmund G. Brown Jr.

SB 69	Leno	06/16/2011-Vetoed by the Governor
--------------	------	-----------------------------------

2011-12 Budget Act

Makes appropriations for support of State government for the 2011-12 fiscal year. As a budget bill, it would take effect immediately.

Governor's Veto Message:

To the Members of the California State Legislature: I am returning Senate Bill 69 and Assembly Bill 98 without my signature. In January, I presented a balanced budget solution with a mix of deep spending cuts and temporary tax extensions subject to voter approval. My plan would put these extended revenues in a lockbox, ensuring that they are only used to protect education and public safety. It would also address California's long term fiscal crisis by substantially paying down the \$35 billion wall of debt built up over the last decade. Yet Republicans in the Legislature blocked the right of the people to vote on this honest, balanced budget. Meanwhile, Democrats in the Legislature made valiant efforts to address California's budget crisis by enacting \$11 billion in painful cuts and other solutions. I commend them for their tremendous efforts to balance the budget in the absence of Republican cooperation. Unfortunately, the budget I have received is not a balanced solution. It continues big deficits for years to come and adds billions of dollars of new debt. It also contains legally questionable maneuvers, costly borrowing and unrealistic savings. Finally, it is not financeable and therefore will not allow us to meet our obligations as they occur. We can - and must - do better. A balanced budget is critical to our economic recovery. I am, once again, calling on Republicans to allow the people of California to vote on tax extensions for a balanced budget and significant reforms. They should also join Democrats in supporting job creation and ending tax breaks for out-of-state companies. If they continue to obstruct a vote, we will be forced to pursue deeper and more destructive cuts to schools and public safety- a tragedy for which Republicans will bear full responsibility. Sincerely, Edmund G. Brown Jr.

Bill Number Version	Author	Board Position	Status
SB 350	Negrete McLeod	Sponsor	09/07/2011-Vetoed by the Governor

1959 Survivor Benefit-Public Agency Pools

Would merge the members and assets in the 1st, 2nd, and 3rd levels of the 1959 Survivor Benefit Program for Public Agencies into a single pool paying the 3rd level benefit. In addition, the \$2.00 required monthly employee premium would be waived as long as the pool has surplus assets in excess of 200 percent of the total liabilities of the pool.

Governor's Veto Message:

I am returning Senate Bill 350 without my signature. This bill allows CalPERS, for certain local government members, to combine three survivor benefit levels into the level with the highest benefit and to suspend employee premiums. Although the benefits increased by this bill are funded by substantial excess reserves, the changes this bill makes should be part of a more comprehensive pension reform. Sincerely, Edmund G. Brown Jr.

SB 439	Negrete McLeod	Support	10/07/2011-Vetoed by the Governor
--------	----------------	---------	-----------------------------------

CalPERS and CalSTRS Gift Limits

Would prohibit all CalPERS and CalSTRS governing Board Members and designated employees from accepting gifts valued in excess of \$50 annually from any single individual or entity that has secured a contract with or submitted a contract proposal to CalPERS within the previous five years. In addition, the bill would establish sanctions for vendors and contractors that make gifts in violation of this restriction on two separate occasions in a five year period from bidding on, and being awarded, any contract for a period of two years from the date of second penalty assessment made by the FPPC for commission of the violation.

Governor's Veto Message:

I am returning Senate Bill 439 without my signature. This bill would prohibit board members and high-level employees of the California Public Employees Retirement System (CalPERS) and the California Teachers Retirement System (CalSTRS) from receiving gifts in excess of \$50 in a year from anyone who contracts with CalPERS and CalSTRS. Current law requires that gifts in excess of \$50 be reported, but does not prohibit them outright. As the author of the Political Reform Act, I feel strongly that gifts made to public officials should be disclosed and subject to monetary limits as they are under current law. In point of fact, the Fair Political Practices Commission over the years has promulgated pages and pages of detailed regulations covering such gifts. To now create a special set of rules that will apply exclusively to CalPERS and CalSTRS would add more complexity without sufficiently advancing the goals of the Political Reform Act. Sincerely, Edmund G. Brown Jr.

SB 503	Vargas	Neutral	10/09/2011-Vetoed by the Governor
--------	--------	---------	-----------------------------------

Judges' Retirement System II Service Credit Purchases

Under the Judges' Retirement System II (JRS II), current law allows a judge to elect to purchase, prior to retirement, all of the time served as a subordinate judicial officer (SJO) and pay the full employee and employer cost (based on an actuarial present value). This bill would instead allow a member of JRS II, to make, at the time of retirement, a one-time written election to purchase service credit, for any number of whole years of time served as a SJO.

Governor's Veto Message:

I am returning Senate Bill 503 without my signature. This bill allows additional pension options at retirement for a small number of retiring judges. These options may or may not be warranted, but because I will be soon be proposing pension reform, I am vetoing this bill now. The bill's provisions can be part of the broader pension reform discussion. Sincerely, Edmund G. Brown Jr.